

**GOVERNMENT OF TELANGANA
ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation borrowing loan of Rs.650.00 crores as Indian Bank share in the Andhra Bank led consortium of Nationalized commercial banks in Seven segments of Karimnagar and Warangal Districts with an estimated Project Cost of Rs.7031.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.RT.No. 653

**Dated: 28-09-2016
Read the following:-**

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015.
2. From Deputy General Manager, Andhra Bank, Specialised Corporate financial branch, Hyderabad Lr 1006/01/TDWSCL/S-523/2016 dt 11.8.2016
3. Minutes of the Meeting Dt:23.09.2016.
4. From the ENC, RWS&S, Hyd., Lr A2/TDWSP/1062/2016 dt 24.09.2016

&&&

ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Andhra Bank, Hyderabad, has agreed to be the lead bank of consortium of Nationalized commercial banks for sanction of term loan of Rs 5625.00 crores (80% of Project cost of Rs.7031.00 Crores) to Telangana Drinking Water Supply Corporation for executing Mission Bhagiratha in Seven segments of Karimnagar and Warangal Districts. They also requested the Managing Director, Telangana Drinking Water Supply Corporation to give acceptance for the terms and conditions set out in reference 2nd read above.

3. In the reference 4th read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that application for sanction of credit facilities was submitted to Andhra Bank led Consortium of Nationalized Commercial Banks for part funding the project cost of Rs.7031 cores (Including IDC) entailing providing drinking water in the following seven segments of Karimnagar and Warangal Districts.

| S No | Segment | District | Cost Rs Crores |
|-------------|--|-----------------------|-----------------------|
| 1 | LMD Karimnagar & Ramadugu segment | Karimnagar | 240.00 |
| 2 | Peddapally & Ramgundam segment | Karimnagar | 758.00 |
| 3 | Sircilla, Vemulawada & Choppadandi segment | Karimnagar | 935.00 |
| 4 | Manthani and Bhupalapally segment | Karimnagar & Warangal | 835.00 |
| 5 | Korutla, Jagtial & Dharmapuri segment | Karimnagar | 1300.00 |
| 6 | Godavari and Mangapet segment | Warangal | 290.00 |
| 7 | LMD - Manakondur, Husnabad & Huzurabad Segment | Karimnagar | 1800.00 |
| | Total project cost(Hard cost) | | 6158.00 |
| | IDC for the above segments(*) | | 873.00 |
| | Total project cost | | 7031.00 |

(*) The above estimate of IDC is subject to change based on actual drawl and Margin shall be brought in by the Corporation accordingly.

4. He has further stated that the Indian Bank, Hyderabad has forwarded the loan sanction letter for implementation of the Mission Bhagiratha, in the above said segments, for an amount of Rs.650.00 cores as its share in the consortium along with terms and conditions of Andhra Bank led consortium for acceptance by the competent authority. All the terms and conditions applicable to the Andhra Bank, leader of consortium, hold good to this bank as well. Therefore, he has requested the Govt., to provide concurrence/approval for the terms

(PTO)

::2::

and conditions of loan sanctioned for the above seven segments and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Andhra Bank led consortium of Nationalized Commercial Banks.

5. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.650.00 Crores (Rupees four hundred and fifty crores only) from Indian Bank as its share against the Andhra Bank led consortium loan amount of Rs 5625.00 crores for implementation of Telangana Drinking Water Supply Project in seven segments in Karimnagar and Warangal Districts with total estimated project cost of Rs 7031.00 crores (including Interest during construction). He is also permitted to execute loan agreement with Andhra Bank led consortium. The term loan shall be taken on the terms and conditions of Andhra Bank led consortium, with finer rate of interest at 10% fixed (arrived as 1Y MCLR + 0.45%) till 01.04.2020, reset of interest on 01.04.2020, and every year after subject to condition that, rate of interest shall not be below the MCLR at any point of time and if MCLR is above 10.00% the same shall be applicable during such period. Govt. of Telangana will stand guarantee for repayment of loan taken from Indian Bank covering principle and interest through Andhra Bank, led consortium. The state margin money of Rs.162.50.00 crores (Rupees One hundred and Sixty Two crores and Fifty Lakhs) i.e., 20% will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended to this order.

6. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

7. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

8. This order is issued with the concurrence of the Finance (DCM) Department vide their U.O.No.12255-E/162/A1/DCM/2016, dt.27.09.2016.

9. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH

SPECIAL CHIEF SECRETARY TO GOVERNMENT

To

The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Additional Secretary to Hon'ble Chief Minister

The PS to Chief Secretary.

The Finance (DCM) Department.

The PS to Special Chief Secretary PR&RD (RWS)

The Engineer -in-Chief, RWS&S, Hyderabad.

The Indian Bank **through** Andhra Bank, Hyderabad.

The Advisor to Govt., RWS&S

SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

ANNEXURE to the G.O.Rt.No.653 , PR&RD(RWS.IV)Dept. Dated.28.9.2016

The terms and conditions approved by the Government:-

1. Waiver of CMA, internal and external credit rating.
2. Approval of finer rate of interest at 10.00% fixed (arrived as 1Y MCLR + 0.45%) till 01.04.2020 and reset of interest on 01.04.2020 and every year thereafter subject to condition that our rate of interest shall not be below the MCLR at any point of time and if MCLR is above 10.00% the same shall be applicable during such period.
3. Approval of uniform margin of 20% of proposed project cost of Rs.7031.00 Crore with D/E ratio of 4:1 against applicable D/E ratio of 3:1 with specific margin based on nature of assets.
4. Approval of door to door tenor of 15 years comprising implementation period of 3 years and repayment period of 12 years.
5. Approval of concessional upfront fee at 0.10% (Rs 0.65 Crore) plus applicable service tax at 15% i.e., totaling to Rs.74,75,000/- as against the applicable fee of 1%.
6. Approval for waiver of prepayment premium at 2% of the amount prepaid.
7. Approval for Andhra Bank to act as the Lead Bank for the proposed project debt of Rs.5625.00 Crore and charging of one-time Lead Bank fees of Rs.50.00 Lakhs plus applicable service tax at 15% i.e., totaling to Rs 57, 50,000.
8. Approval for release of term loan to the extent of 50% based on individual documentation subject to minimum 50% tie up and other member banks also releasing their proportionate share. The remaining shall be released after full tie-up and execution of joint documentation within a period of 6 months from the date of sanction.
9. Waiver of all other charges including, but not limited to documentation charges, TRA maintenance charges, annual review charges, Unit inspection charges etc. except stamp duty which should be borne by the Corporation.
10. Approval for waiver of penal interest for delayed payments.
11. Approval of the following mechanism at the time of each disbursement under the term loan.
 - a. Expenditure estimates shall be submitted by the Corporation based on which consortium of Nationalised Commercial Banks led by Andhra Bank shall release 80% of the same.
 - b. After the payment/pass memo is issued by the Finance Department, the share of the Govt (20% margin) would be released and the Corporation shall incur the expenditure.
 - c. Certificate for the expenditure incurred out of the term loan(s) availed earlier will be issued by external agency (M/s Jawahar & Co-Chartered Accountants) and the same would be submitted by the Corporation before approaching for subsequent disbursement.
12. Sanction of Term Loan of Rs.650 Crore as the share of Indian Bank in consortium as per the terms and conditions stipulated as under:

| | | | | |
|----------|--|-----------------------------------|------------|--------|
| Facility | Term loan (New) | | | |
| Limit | Rs 650 Crore (Rupees Six Hundred and Fifty Crore Only) (As our share out of the total debt requirement of Rs 5625.00 Crore. | | | |
| Purpose | For the purpose of part financing the project cost of Rs 7031.00 Crore entailing providing safe drinking water for the following 5 segments. | | | |
| | S No | Component | District | Cost |
| | 1 | LMD Karimnagar & Ramadugu segment | Karimnagar | 240.00 |

| | | | | | | | |
|---------------------|---|---|-----------------------|----------------------------|---------|---------------------------|------------|
| | 2 | Peddapally & Ramgundam Constituencies | Karimnagar | 758.00 | | | |
| | 3 | Sircilla, Vemulawada & Choppadandi constituencies | Karimnagar | 935.00 | | | |
| | 4 | Manthani and Bhupalapally constituency | Karimnagar & Warangal | 835.00 | | | |
| | 5 | Korutla, Jagtial & Dharmapuri constituency | Karimnagar | 1300.00 | | | |
| | 6 | Godavari and Mangapet segment | Warangal | 290.00 | | | |
| | 7 | LMD - Manakondur, Husnabad & Huzurabad Segment | Karimnagar | 1800.00 | | | |
| | | Total project cost(Hard cost) | | 6158.00 | | | |
| | | IDC for the above 5 segments(*) | | 873.00 | | | |
| | | Total project cost | | 7031.00 | | | |
| | (*) The above estimate of IDC is subject to change based on actual drawl and Margin shall be brought in by the Corporation accordingly. | | | | | | |
| Primary Security | First pari-passu charge by way of Hypothecation of assets created out of term loan along with other member banks in the consortium. | | | | | | |
| Collateral Security | Nil | | | | | | |
| Guarantee | Unconditional and irrevocable guarantee of the Govt of Telangana guaranteeing the repayment of principal and interest. | | | | | | |
| Margin | 20% on overall project cost including interest during construction. | | | | | | |
| Rate of Interest | 10.00% fixed (arrived as 1Y MCLR + 0.45%) till 01.04.2020 and reset of interest on 01.04.2020 and every year thereafter subject to condition that our rate of interest shall not be below the MCLR at any point of time and if MCLR is above 10.00% the same shall be applicable during such period with monthly rests. Interest is to be serviced as and when debited. | | | | | | |
| SCOD | On or before 31.03.2019. | | | | | | |
| Repayment | To be repayable in 48 quarterly installments from the SCOD as per repayment schedule below (Tentative repayment schedule). Proposed SCOD/DCCO shall be recorded at the time of documentation. | | | | | | |
| | FY ending | No of quarters | % of repayment | Total Repayment Per Qtr | Year | Bank Repayment Per Qtr | TL Year |
| | 2020 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2021 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2022 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2023 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2024 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2025 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2026 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2027 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2028 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2029 | 4 | 8 | 112.50 | 450.00 | 13.00 | 52.00 |
| | 2030 | 4 | 10 | 140.625 | 562.50 | 16.25 | 65.00 |
| | 2031 | 4 | 10 | 140.625 | 562.50 | 16.25 | 65.00 |
| | Total | 48 | 100 | | 5625.00 | | 650 |
| Upfront Fee | 0.10% of the limit plus applicable service tax | | | | | | |
| Prepayment charges | Waived | | | | | | |
| Guarantor | Unconditional and irrevocable guarantee of the Govt of Telangana | | | | | | |
| State Margin Money | Rs 162.50 Crores (Rupees One hundred and Sixty Two crores and Fifty lakhs only). | | | | | | |

(Contd.page 3)

Specific terms and conditions:

1. State Government shall approve for the proposed borrowing of Rs.5625.00 Crore, extending Government guarantee along with approval for infusion of 20% of project cost i.e. 1406.00 Crore as their margin before release of limits under individual documentation.
2. Loan shall be released after ensuring that margin of 20% is duly infused by the corporation.
3. The Corporation shall submit resolution under Sec 180(1) (c) of the Companies Act, 2013 fixing its borrowable limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
4. The Corporation shall undertake to service the bank loans from the project revenues.
5. The Corporation shall obtain all the statutory and non statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.
6. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorate reduction in all components of the means of finance.
7. The Corporation shall undertake that in case of any cost overrun in the project cost the same would be met by the Corporation without any recourse to the project lenders.
8. Actual legal expenses incurred by the Lender for documentation, filing of charges, search report etc shall be borne by the Corporation.
9. The Corporation shall arrange for submission of Letter of commitment/Govt order from the Finance Department, Govt of Telangana for contributing to 20% of the project cost (including IDC) as margin and continue the same till the entire o/s with the Bank is cleared.
10. Submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
11. Submit the copy of the external credit rating certificate of the project on completion of the rating exercise.
12. The Corporation is advised to explore the possibility of appointing a Project Monitoring Agency for reviewing the project progress.
13. It is to be ensured that there are no interstate disputes that affect the progress / implementation of the project.
14. Corporation shall ensure that necessary land is acquired for smooth implementation of the project.
15. Corporation shall ensure that the project designs are approved by the competent authority.
16. Corporation shall ensure that all necessary approvals including environmental clearances, approval from Central Government agencies etc., are obtained and in force.

(PTO)

Committee Direction: The Committee directed that

1. The assets created out of the loan be hypothecated to the Bank
2. Opinion reports on the Contractors engaged by the Government for the Project shall be obtained.

OTHER TERMS AND CONDITIONS:

Pre-disbursement Conditions:

1. The limits should be released only after the terms and conditions of the sanction are accepted/acknowledged by the borrower. Letter from the borrower/guarantors for having accepted all terms and conditions in toto shall be submitted to the Bank.
2. Necessary Documents as per bank guidelines shall be executed.

Enabling Conditions:

1. Consent letter from the applicants for disclosure of their names in the defaulters' list, CIBIL Data in the event of default on the part of the borrowers, as per RBI guidelines and as communicated by H.O. shall be obtained.
2. Andhra Bank led consortium reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
3. Andhra Bank led consortium reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the Bank.
4. The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the Bank/as per the guidelines of Reserve Bank of India/Government of India/Indian Bankers Association etc.
5. "Any delay in repayment of the loan instalments will have adverse impact on credit rating and will affect the credit history of the Borrower".
6. "Default, Fraud, Legal incompetence during the currency of the Limits, Non-Compliance of agreed terms and conditions, Non-submission of required papers for renewal of limits, Over-dues in the term loans, any other Irregularities by the Borrower will enable the Bank to Recall the Loan/advance.
7. The Andhra Bank led consortium will have the right to examine at all times the Corporation's books of accounts and to have the Corporation work-sites / units inspected from time to time by Officer(s) /representative(s) of the Bank and/or qualified Auditors and/or technical experts and/or Management Consultants of the Bank's choice. Cost of such inspections shall be borne by the firm.
8. The Corporation will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.

Terms & Conditions applicable to Term Loan:

a) Right to accelerate the instalments:-

In case of the commensurating cash flows are more than the projections given by the Corporation, Andhra Bank led consortium has the right to accelerate the instalments.

b) Cost over-runs:

Borrower shall undertake to meet the cost over-runs if any out of their own resources.

Constituent wise – Terms & Conditions

Terms and Conditions applicable to Limited companies:

1. The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
2. The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any, under Sec.293 (1) (d) of the Corporation's act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.
3. Branch to ensure that the Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
4. During the currency of bank finance, the Corporation shall not, without bank's permission in writing –
 - a. Effect any change in the Corporation's capital structure.
 - b. Formulate any scheme of amalgamation.
 - c. Implement any scheme of expansion or acquire fixed assets.
 - d. Make investments/advances or deposit amounts with any other concern.
 - e. Enter into borrowing arrangements with any bank/FI/Corporation for this project.
 - f. Undertake guarantee obligations on behalf of any other Corporation.
 - g. Declare dividends for any year except out of profits relating to that year.
 - h. Change in composition of Corporation's Board of Directors.

Other terms of sanction:

1. An undertaking letter from the Corporation to be submitted stating that all the required dues like taxes, duties etc shall be paid as and when they fall due.
2. Any cost escalation of the project shall be borne by the Corporation and an undertaking to this effect shall be submitted by the Corporation.

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

//TRUE COPY//

SECTION OFFICER